

DPC & ANZSOG present:

INNOVATION BUREAUCRACIES: MAKING THE STATE MORE ENTREPRENEURIAL

SPEAKER

Professor Wolfgang Drechsler
Professor of Governance
TalTech

MODERATOR

Sam Hannah-Rankin
Executive Director
Public Sector Reform
Department of Premier & Cabinet

**DO YOU HAVE A
QUESTION ABOUT
TODAY'S TOPIC?**

SEND YOUR QUESTIONS
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ALL QUESTIONS WILL BE
ANSWERED AT THE END
OF THE PRESENTATION

*SLIDES FROM TODAY'S
PRESENTATION WILL BE
AVAILABLE ON THE
ANZSOG WEBSITE*

Tuesday 1 October 2019

Innovation Bureaucracies



Wolfgang Drechsler

ANZSOG Visiting Scholar

Melbourne, 1 October 2019



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Innovation

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**when you
don't
want to
innovate**







**innovations are
new products,
services, processes,
marketing or
finance modes
that are
successfully
introduced
into the market**



EESTI VABARIIK ISIKUTUNNISTUS
REPUBLIC OF ESTONIA IDENTITY CARD



PEREKONNANIMI / SURNAME

OBAMA

ETNIMINE / GIVEN NAMES

BARACK HUSSEIN

EST

PAIK / COUNTRY
OF RESIDENCE

M/M

USA

SÜNNIPÄEV /
DATE OF BIRTH

04.08.1961

ISIKUKOOD /
PERSONAL CODE

16108040018

DOKUMENDI NUMBER /
DOCUMENT NUMBER

AS0011728

KÄIVETV KÜLGE / DATE OF EXPIRY

02.09.2019

KÄSUTAJA ALLKIRI / HOLDER'S SIGNATURE

Barack Obama



AS0011728

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o новую версию
арты
to the computer

IIPP

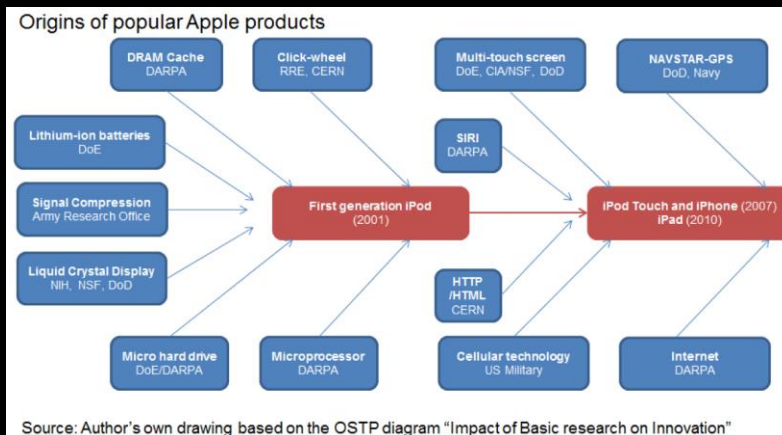


UCL



Private sector bias

Who made the iphone?





Policy bias

The text is centered within a rectangular area that is framed by a highly ornate, golden-brown border. The border features intricate carvings of leaves, scrolls, and floral motifs, particularly at the corners and along the edges. The background within the frame is a solid, light gray color.

beyond fashion...
... the role
of the public sector
to foster and promote
“real” innovation?

RAINER KATTEL,
WOLFGANG DRECHSLER,
AND ERKKI KARO

INNOVATION BUREAUCRACIES

LET'S MAKE THE STATE
ENTREPRENEURIAL



Yale

UNIVERSITY PRESS

Short history of (Western) innovation bureaucracy



Key preconditions

- Evolution of knowledge networks through learned bodies – academies, royal societies, etc. – across Europe
- The emergence of polytechnics and engineering education (related to both military and civilian needs) in Europe (e.g., Ecole Polytechnique) and the US (e.g., West Point)
- The emergence of a professional managerial class both in private companies (e.g., in railroads, armories, and others) and in the public sector (e.g., military procurement practices of the Quartermaster department during the US civil war)

Key preconditions

- The rise and importance of various business associations (e.g., *Interessenverbände* in Germany) in the late 19th century that enabled close networks among politics, industry and bureaucracy
- The importance of state-owned companies for managing strategic trade routes and Imperial ambitions

History of bureaucracy hacking + mission mystique



1
Usually, policy goals initially fulfilled by PPPs led by charismatic individuals*

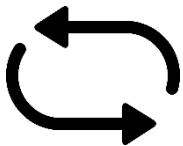
Initiated and partially funded by Werner Siemens, excelled at 'hacking' bureaucracy'

Physikalisch-
Technische
Reichsanstalt
1887



2
Organizations and tasks become 'bureaucratized' and socialized

Siemens recruited Hermann Helmholtz to create 'scientific bureaucracy' and close ties with industry, sense of mission



3
New wave of organizational reforms led by new 'private-public partnerships'

Harnack-Prinzip of autonomy and research excellence (Harnack was professor of theology)

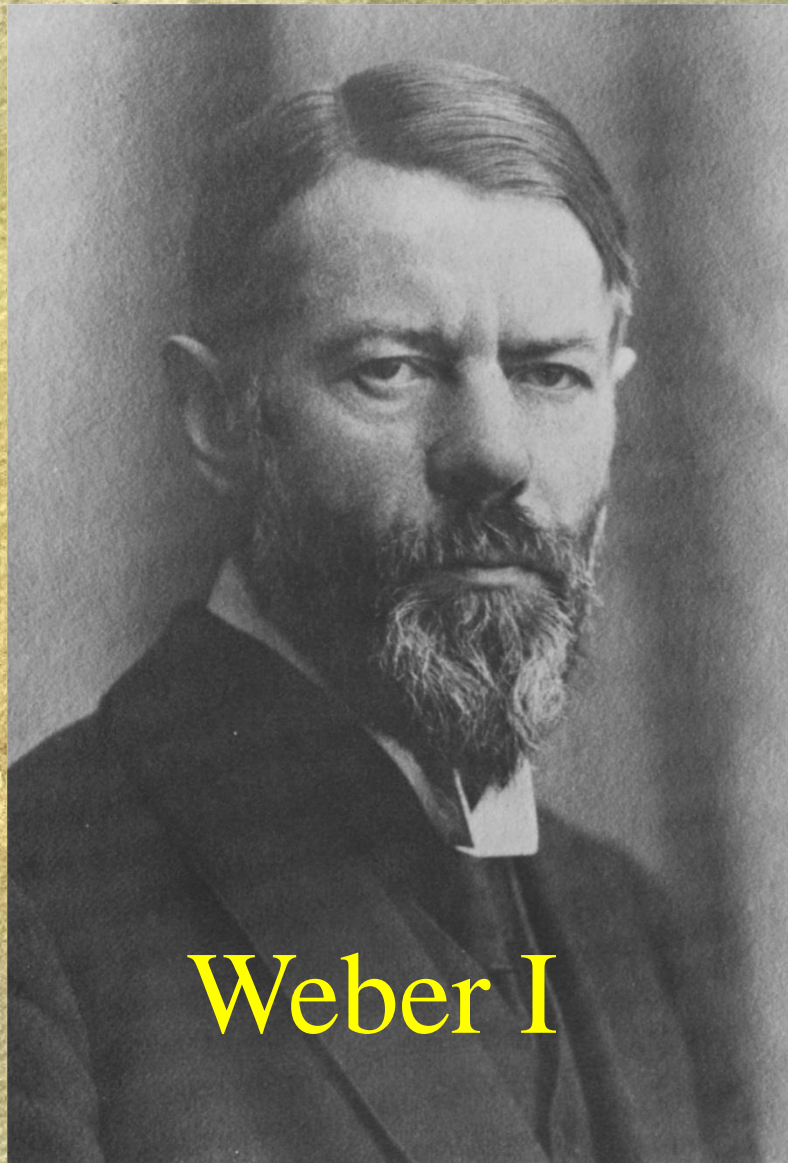
Kaiser-
Wilhelm-
Gesellschaft
1911

* In the Asian context, these are often within the public sector

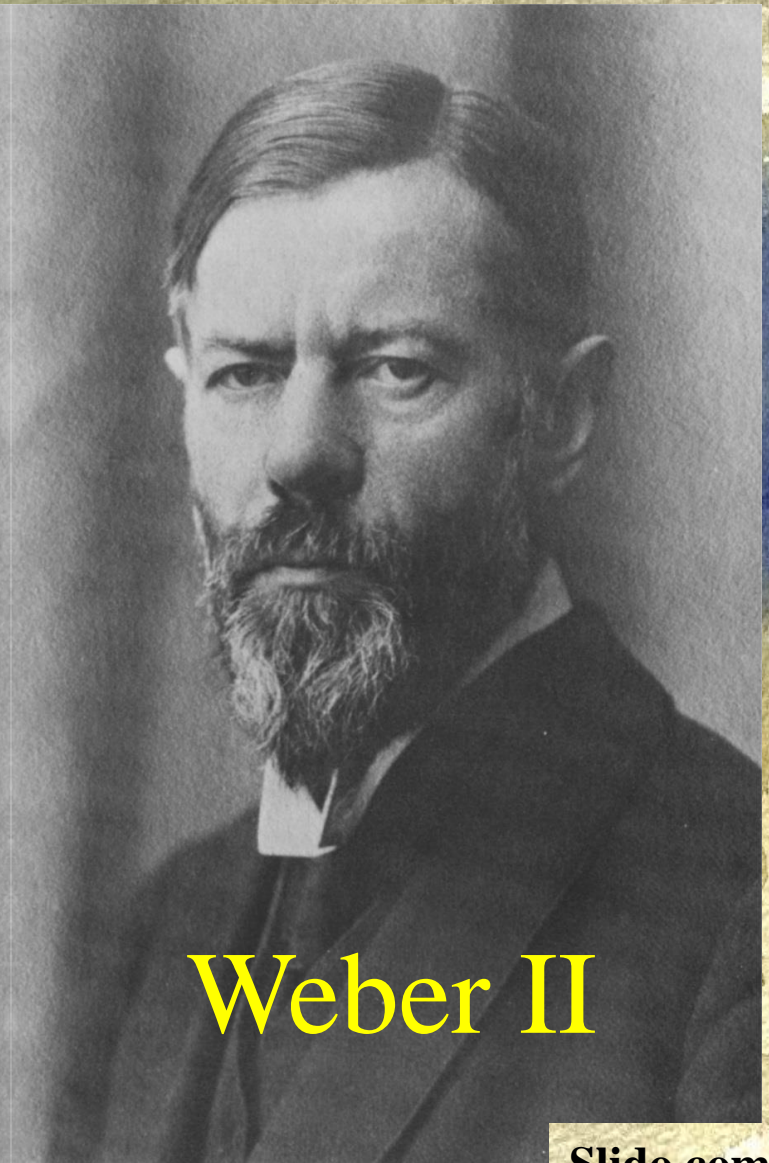
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How can we explain this pattern?





Weber I



Weber II

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©Thorvaldur Gylfason

- Organizational configuration + evolution (innovation as new routines) = public organizations driving innovation
- Weber I: expert vs. Weber II: charismatic
- Weber I: stability and predictability vs. Weber II: change and agile response
- Entrepreneurial states: organizational configurations for **agile stability**

So, the key to agile stability and thus
to the truly entrepreneurial state is

organizational variety
within the Innovation
ecosystem, 'within or
without' the organization!



So, iLabs not transforming the entire organization is not a failure....



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... IT'S THE POINT!

故宮 x 夜巡

I ♥ NPM



之夜
@ NPM



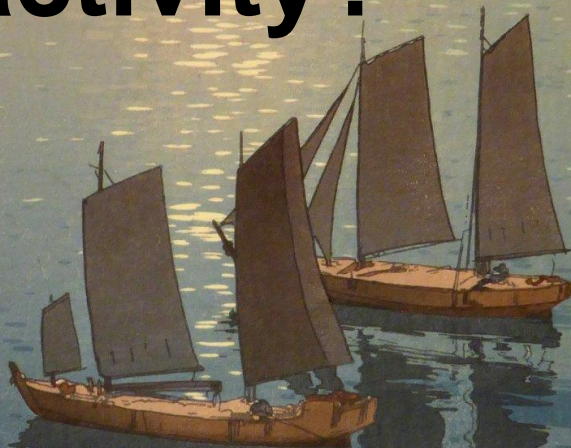
國立故宮博物院
NATIONAL PALACE MUSEUM



Innovator's Dilemma in Governance:

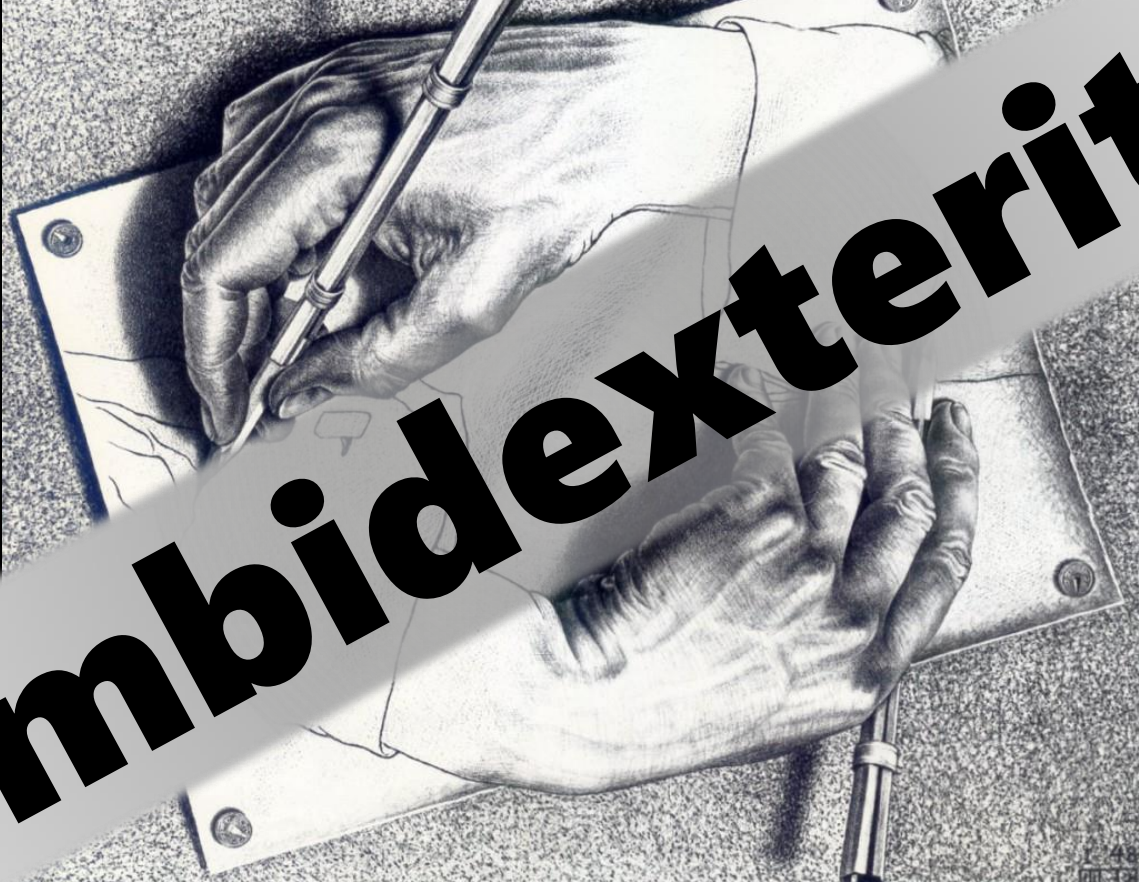


**How to balance
stability and
predictability
with agility and
proactivity?**



**By driving
and nurturing
organisational
diversity
and renewal
of existing
dominant
routines and
capabilities**

Innovation Bureaucracy

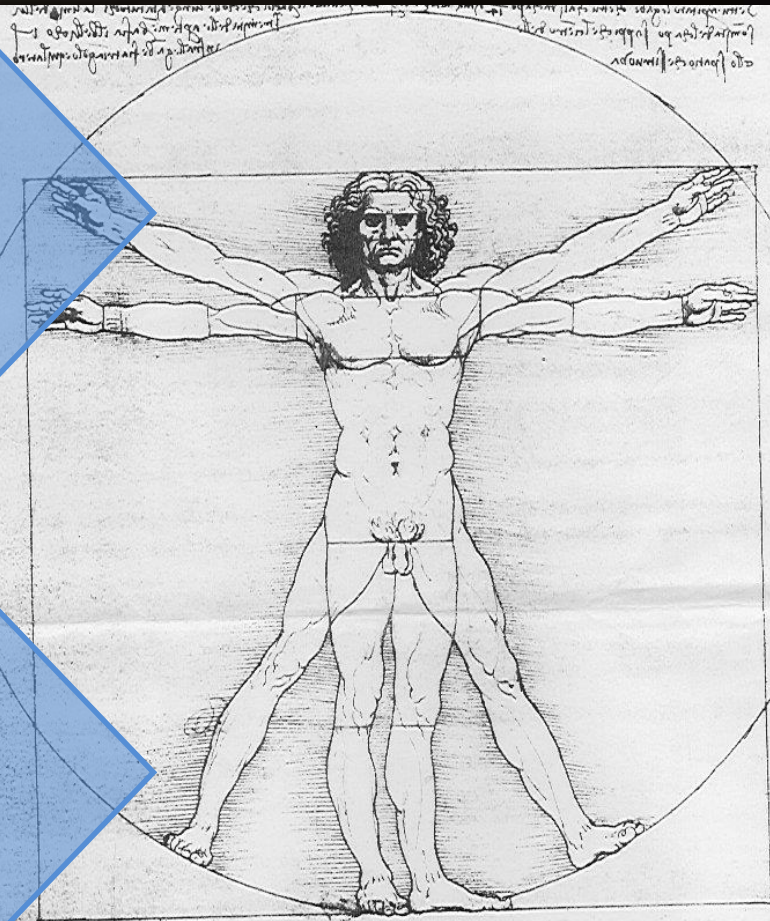


ambidexterity

BUT:

**Innovation is
global and universal**

**Context is specific
in space and time**



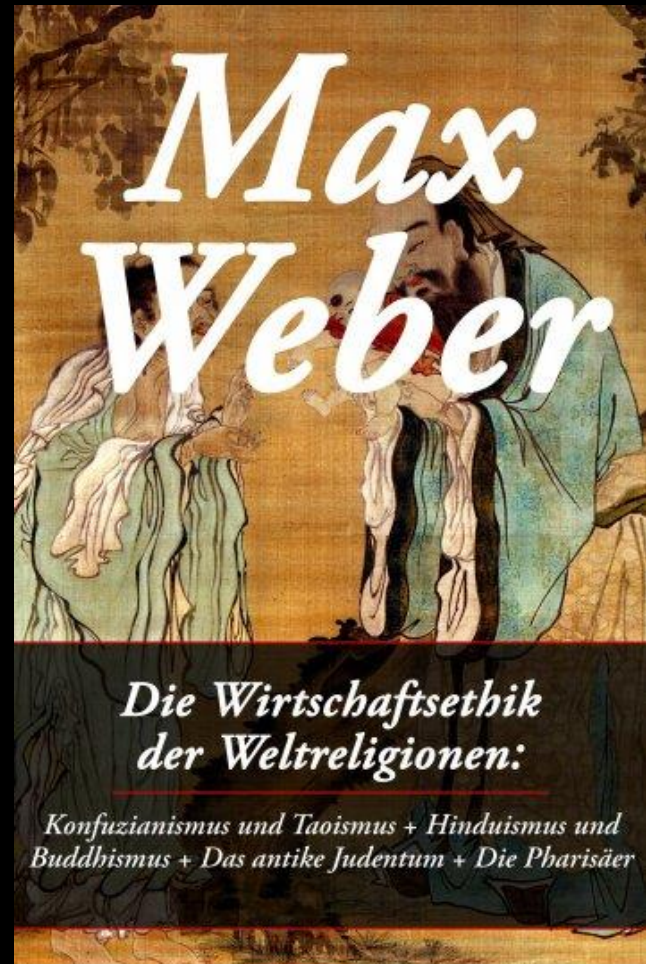


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“When I disembarked from the boat that had brought us back from Capri to Naples, I handed one of the lads lying on the cobblestones my briefcase to carry. He shook his head with the words, *I have already eaten!*” Lujo Brentano

















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'We spent a day with public servants, it's fair to say that they are not equipped with the skills to define the problem that needs solving or to articulate the goal that they're trying to work towards.' - [@bethnoveck](#) on the need for innovation skills training for problem solving.



**THIS DOG CAN SMELL PEOPLE
WHO SHOULD BE WORKING
ON REAL PSI**





Innovation Bureaucracies

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Questions?

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• Upcoming Events

The Intelligent Regulator

Speaker: Bill Eggers – Deloitte
Plus panels of industry experts

Deakin Edge,
Federation
Square,
Melbourne

Friday 4 October
2019



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THANK YOU

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